

NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314

DATE: October 2017 **LETTER NO.:** 17-CU-06

TO: Federally Insured Credit Unions

SUBJ: Real Estate Appraisal Waiver for Credit Unions Affected by Severe Storms and Flooding in Florida, Georgia, Puerto Rico, Texas, and U.S. Virgin Islands

Dear Board of Directors and Chief Executive Officer:

On October 17, 2017, the NCUA, along with other federal financial institution regulatory agencies, issued an exception from the appraisal requirements for all real estate-related financial transactions that require the services of an appraiser in the areas President Trump has designated as major disaster areas.¹ These areas qualify for special consideration as a result of recent severe storms and flooding. The exception expires three years from the date of the disaster declaration for the affected area.² The specific disaster areas are also detailed in the order.

The exception provides flexibility to credit unions with loans secured by real estate located in the affected areas relative to appraisal requirements under [Part 722](#) of NCUA rules and regulations. Whether or not a credit union elects to take advantage of this exception is a business decision that should be determined by the credit union on a case-by-case basis. The credit union may only take advantage of the exception if they meet the requirements of the order. The order requires:

- the property involved was located in the major disaster area;
- there is a binding commitment to fund the transaction that was entered into on or within 36 months of the date that the area was declared a major disaster; and
- the value of the real property supports the institution's decision to enter into the

¹ Joint release [<https://www.ncua.gov/newsroom/Pages/news-2017-oct-agencies-issue-temporary-exceptions-appraisal-requirements-harvey-irma-maria.aspx>] by the Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, and the Board of Governors of the Federal Reserve System.

² See disaster declarations for Texas <https://www.fema.gov/disaster/4332>; U.S. Virgin Islands <https://www.fema.gov/disaster/4335> and <https://www.fema.gov/disaster/4340>; Florida - <https://www.fema.gov/disaster/4337>; Puerto Rico - <https://www.fema.gov/disaster/4336> and <https://www.fema.gov/disaster/4339>; and Georgia - <https://www.fema.gov/disaster/4338>

transaction.

- the transaction must continue to be subject to review by management and by the agencies in the course of examinations of the institution.”

The order is available for review at <https://www.ncua.gov/newsroom/Documents/temporary-exceptions-appraisal-requirements-harvey-irma-maria.pdf>. Additional interagency appraisal and evaluation guidance is available in NCUA Letter to Credit Unions 10-CU-23.³

If you have any questions about this exception, please contact your regional office or state supervisory authority.

Sincerely,

/s/

J. Mark McWatters
Chairman

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³ NCUA Letter to Credit Unions 10-CU-23 <https://www.ncua.gov/Resources/Documents/LCU2010-23.pdf>